in corrupt practices amounting to tens of millions of dollars in Uri hydro-power project, a gas turbine operation, sale of locomotive and a power station in India;

(b) whether Government would arrange to get the Swiss press report on the subject and place it on the Table of the House; and

(c) whether Government would institute an inquiry into the matter and make it public?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) to (c) National Thermal Power Corporation and National Hydroelectric Power Corporation have informed that they are not aware of any corrupt practices in securing contracts by Asea Brown Boveri for Uri Project or any Gas Turbine Project/Power Station.

Revision of Excise Tariff on Pan Masala

3518. SHRI MUKESH R. PATEL:
SHRI SANJAY NIRUPAM:

Will the Minister of FINANCE be pleased to state:

(a) whether Government have issued any notification on 1st March, 1997 to revise excise tariff on pan Masala;

(b) if so, the reasons for issuing the notification just on the next day of presenting the General Budget; and

(c) whether Government are losing revenue after fixing the excise on Pan Masala according to weight, instead of the maximum retail price or factory price of the product; if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR) (a) to (c) Pan Masala falling under sub-heading No. 2106.00 of the Central Excise Tariff is levied excise duty at 40% ad valorem both prior to and after the budget for the year 1997-98. In the budget for 1997-98, no change has been made in the rate of duty applicable to pan masala. However, tariff value on pan masala has been prescribed vide notification No. 5/97-Central Excise (NT) dated the 1st March, 1997 taking into consideration all relevant aspects. This measure is not likely to result in loss of revenue.

Funds to Weak Public Sector Banks to meet Capital Inadequacy

3519. SHRI V. NARAYANASAMY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have provided funds to various weak public sector banks to meet their capital adequacy;

(b) whether Government have analysed the reasons for losses incurred by various banks in this country; and

(c) if so, what steps Government have taken to ractify the defects in the banking system?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) Yes, Sir.

(b) Some of the main reasons for losses incurred by the banks are:

high overhead expenditure

high volume of Non-performing assets (NPAs)

high cost of funds

inadequate credit appraisal and post sanction supervisory system

lack of risk management skill

inadequate menagement information system

(c) Government/RBI have taken following measures:

advised the banks to contain NPAs by means of formulating loan recovery policy, setting up recovery cells, entering into compromise/negotiated settlements, referring to debt recovery tribunals etc.

infused additional share capital to the weak banks to enable them to achieve 8% capital adequacy

advised Reserve Bank of India to monitor the performance of weak banks on a regular basis

advised the banks to contain capital expenditure, ban on recruitment of staff, relocating surplus staff to branches where additional staff are required etc.

Bank Loan Defaulters

3520. SHRI R. MARGABANDU: Will the Minister of FINANCE be pleased to state:

(a) the details of defaulters of bank loans over ten lakh rupees, Bank-wise and State-wise; and

(b) what steps are taken to recover these loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) Reserve Bnk of India (RBI) has informed that their data monitoring system does not generate information of defaulters of bank loans in the form asked for.

(b) Government/RBI have taken the following measures/issued guidelines for recovery of NPAs.

(i) the banks should formulate a loan recovery policy with the approval of their Board of Directors.

(ii) The banks should set up 'Recovery Cells' at Head Office and monitor recovery of NPAs closely.

(iii) The banks may enter into compromise/negotiated settlements on the merits of each case subject to various safeguards prescribed by RBI and ensure maximum recovery at minimum expense.

(iv) Debt recovery Tribunals have been set up in Calcutta, Delhi, Bangalore, Ahmedabad, Patna, Guwahati, Chennai and Jaipur and an Appellate Tribunal in Mumbai to help banks in recovery of NPAs.

Lifting the Ban on Investments by FIIs

3521. SHRI SATISH AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) the rationale behind lifting the ban on investments by Foreign Institutional Investors (FIIs) in open-ended 100% debt oriented and equity schemes of mutual funds;

(b) whether Government/SEBI/RBI assessed the impact of withdrawal of their money at one go; and

(c) what precautions have been taken to prevent such an eventuality?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) There has been no ban on investments by Foreign Institutional Investors(FIIs) in open ended 100% Debt oriented and equity schemes of Mutual Funds. However as a part of ongoing liberalisation FIIs registered with the Securities and Exchange Board of India (SEBI) as Debt funds have been allowed to invest 100% of their funds in debt securities of companies and dated Government securities.

(b) and (c) Since FIIs have started investing in the Indian Stock markets the monthly cumulative net investments by them have always been positive. While the limits prescribed for FIIs investments in individual companies and the structure of capital gains tax applicable for their investments may have a bearing on the likelihood and extent of withdrawal by FIIs, it is expected that the Indian Stock market itself is mature enough to absorb the impact of any withdrawal by FIIs.

Assistance for regenerating the Manipur State Cooperative Bank

3522. SHRI W. ANGOU SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether the Manipur Government has approached the Central Government for any assistance to regenerate the Manipur State Co-operative Bank Ltd.;